

**City Auditor's Office
1999 Annual Report**

August 1999

**City Auditor's Office
City of Kansas City, Missouri**

August 9, 1999

Honorable Mayor and Members of the City Council:

This annual report of the City Auditor's Office of Kansas City, Missouri, for the year ended April 30, 1999, is presented for your review.

Fiscal year 1999 was our most productive year ever. We released 16 reports, including five audits, four follow-up audits and seven special reports. In fiscal year 1999, our audits focused on the city's control environment and included an examination of tax increment financing, implementation of the Red Flag Commission's recommendations, the city's financial management system and motor equipment division, and an analysis of the process in which Ryan White funds are allocated. Among the topics covered in our special reports were an examination of the police retirement funds and the bi-annual citizen survey. Through our work in 1999, we identified almost \$20 million in potential annual savings and increased revenue.

In addition, this office played a significant role in several Council committees' evaluations of major problems facing our city. City Auditor's Office staff provided support to the Public Safety Radio System Investigating Committee and the Council Ethics/Relations Committee. Also, our office investigated the city's flood warning system following the flash flooding in October 1998.

In 1999, we continued our series of reports on the operations of the Police Department by releasing two additional reports. These reports, on civilianization (the staffing by civilians of certain positions currently held by officers) and police performance measures, were among the topics identified in our June 1996 preliminary review of the department's operations. The next in the series, an evaluation of the Office of Citizen Complaints, is scheduled to be released during the current fiscal year.

Finally, in February of this year we were pleased to learn that our work has earned national recognition for the second consecutive year. The National Association of Local Government Auditors named the January 1998 audit of the Police Department - *Patrol Deployment: Blackout Analysis* - as a finalist for the Knighton Award for Best Audit, and the September 1998 report - *Police Retirement Funds* - as a finalist for the Special Projects Award.

We appreciate the outstanding support we continue to receive from the City Council and the cooperation extended to us by management. We look forward to continuing to work with the council and management staff on finding ways to improve the city's productivity and effectiveness.

Mark Funkhouser
City Auditor

City Auditor's Office: 1999 Annual Report

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Mission and Goals

Charter Authority of the City Auditor

The city auditor is appointed by and reports to the City Council. The city charter establishes the position of the city auditor as independent of the city manager and responsible only to the City Council. The charter grants the city auditor complete access to the books and records of all city departments. The city auditor uses this access, independence, and authority in performing his charter mandate to carry on a continuous investigation of the work of all city departments. The Finance and Audit Committee oversees the activities of the city auditor and reviews audits and other work products of the City Auditor's Office.

Our Purpose

The mission of the City Auditor's Office is to be a catalyst for improving city government. The City Council and the public need timely, objective, and accurate information about what departments and programs are doing and how they could do it better. By providing the information, we help to hold government accountable in its stewardship of the public trust, and assist the City Council and management staff in using resources to maximize effectiveness and productivity.

We seek to accomplish our mission by evaluating department and program performance and identifying ways to make the activities of the city more efficient and effective. Our primary objectives are:

- To evaluate the faithfulness, efficiency, and effectiveness with which city departments carry out their financial, management, and program responsibilities.
- To assist the City Council and management staff in carrying out their responsibilities by providing them with objective and timely information on the conduct of city operations, together with our analysis, conclusions, and recommendations.

Our Work Products

The work of the City Auditor's Office includes different types of auditing and research. Audit work is conducted in accordance with government auditing standards. These standards require due professional care in conducting audits, professionally qualified staff, independence, adequate supervision and planning of audit work, reporting of audit results, and periodic review of the office by outside professionals. The following briefly describes the scope of work performed.

Performance Audits

A performance audit is an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve public accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action.¹

Financial-related Audits

Financial-related audits examine various topics related to an entity's finances and operations, such as determining whether financial information is presented in accordance with established criteria, the program has adhered to specific financial compliance requirements, and internal controls over financial reporting and/or safeguarding assets are suitably designed and implemented to achieve their objectives.

Performance and financial-related audits result in recommendations to the City Council and management that will improve resource utilization, reduce the risk of loss or abuse of assets, increase productivity, and correct wasteful practices. Audit recommendations can improve services to the public by making programs more effective and efficient.

Follow-up Audits

The City Auditor's Office conducts follow-up audits to determine the extent to which the original recommendations were implemented and whether the implemented recommendations resulted in the desired improvements. When recommendations were not implemented, follow-ups determine whether the original conditions still exist.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 1994), p.14.

Special Reports

The office also performs other studies and investigations to fulfill the city charter mandate that the city auditor keep the City Council informed as to the financial affairs of the city. As part of this effort, the City Council passed Resolution 911385 in December 1991, directing the city auditor to annually review and comment upon the city manager's proposed budget prior to adoption. In addition, we occasionally issue special reports presenting research and analysis on significant policy issues.

Memoranda

To be more informed about pending legislation and other issues coming before them, individual councilmembers occasionally request audit work of a limited scope. Staff are assigned to research costs and other effects of proposed legislation or to provide independent assessments of financial information and other proposals by city management. In most cases, the resulting memoranda are distributed to the mayor, City Council, and management staff. In addition, department directors occasionally request assistance from the City Auditor's Office. The resulting memoranda are distributed to the department, the city manager, and the chair of the Finance and Audit Committee.

Complaint Handling

The city auditor directs staff to conduct limited research into complaints and issues of concern. The City Auditor's Office receives complaints throughout the year alleging abuses of city resources, such as time or materials. In some cases, the resulting investigations serve as the basis for a more in-depth examination of the area in question.

Office Operations

Audit Selection

We emphasize audit topics expected to yield cost reductions, increased revenue, improved services, and improvements in major control systems. Our process for selecting audit topics includes ranking all city programs according to expenditures, number of employees, revenue trends, source of funding, and service priority. We also consider the volume and pattern of complaints, as well as management and City Council concerns and requests. The city auditor assigns projects to audit teams to complete the assignments.

Expenditures

The City Auditor's Office had expenditures of about \$1.1 million in fiscal year 1999. (See Exhibit 1.)

Exhibit 1. City Auditor's Office Annual Expenditures

Category	Fiscal Year		
	1997	1998	1999
Personnel	\$743,488	\$778,134	\$942,907
Contractual	69,326	193,301	85,096
Commodities	12,268	6,255	9,084
Capital Outlay	18,484	141,867	49,610
Total	\$843,566	\$1,119,557	\$1,086,697

Source: Financial Management System.

Staffing

Staff Qualifications

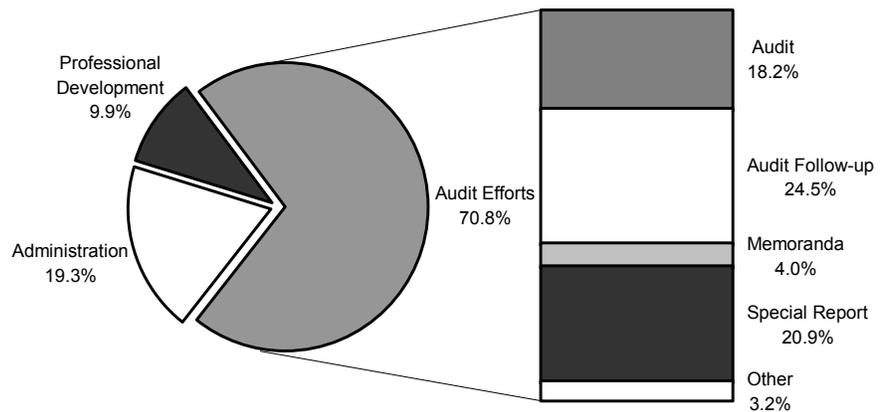
The office was authorized 19 full-time equivalent positions in fiscal year 1999: the city auditor, a deputy city auditor, 16 auditors, and an administrative secretary. All professional staff have advanced degrees in such fields as accounting, business administration, finance, law, public administration, and social sciences. Several staff members have previous auditing and management experience in the public and private sectors. As of May 1999, seven staff members had one or more certifications each, including Certified Internal Auditor, Certified Management

Accountant, Certified Public Accountant, Certified Government Financial Manager, and Certified Information Systems Auditor.

Use of Staff Time

Almost 71 percent of audit staff work hours were spent on audits and other work products. Professional development and training consumed about 10 percent of staff time, while the remaining 19 percent was spent on administrative tasks. These include participation in citywide groups such as the records control committee, the information technology advisory board, and the human resources advisory committee, as well as internal activities such as monitoring office expenditures and performance measures. (See Exhibit 2.)

Exhibit 2. Classification of Audit Staff Hours



Source: City Auditor's Office Time Records.

Professional Development

Summary

The City Auditor's Office emphasizes professional development to improve our skills, effectiveness, and efficiency. The office provides required continuing education, encourages professional certification, and supports staff involvement in professional associations.

Continuing Education

Government auditing standards require that our staff complete at least 80 hours of continuing education every two years. In fiscal year 1999, auditors received an average of about 40 hours of training by attending seminars, workshops, and conferences. Topics included report writing and developing audit findings.

Professional Associations

Several staff members are active in organizations of auditors, accountants, and public managers. The city auditor and other staff are active in organizations such as the National Association of Local Government Auditors, the Association of Government Accountants, the Institute of Internal Auditors, the American Society for Public Administration, the Missouri Society of Certified Public Accountants, the Information Systems Audit and Control Association, and both the Mid-America and National Intergovernmental Audit Forums. In addition, the deputy city auditor is a member of the Advisory Council on Government Auditing Standards appointed by the Comptroller General of the United States.

In 1998, the City Auditor's Office was a finalist for the Knighton Award for Best Audit for its January 1998 Audit *Patrol Deployment: Blackout Analysis* and Best Special Project for its August 1998 Special Report *Police Retirement Funds*. These awards are presented by the National Association of Local Government Auditors and are awarded for the best performance audit and best, most innovative, non-audit report, respectively.

Performance Measures

Summary

We monitor our performance by tracking outputs or work products, the outcomes or results of these products, and the efficiency or unit cost with which we produce work products and results. Exhibit 3 includes our performance measures for the last three years.

Outputs

Reports Issued

The sixteen reports released in fiscal year 1999 included five performance audits, four follow-up audits, and seven special reports.

Other Projects

Most of our other projects are memoranda to answer councilmember inquiries. In 1999 we completed five council memoranda. In addition, audit staff provided support to the Public Safety Radio System Investigating Committee and the Council Ethics/Relations Committee.

Outcomes

Implementation of Audit Recommendations

Reduced costs, increased revenues, improved services, and government accountability to the public are the primary benefits of the work of the City Auditor's Office. However, auditing alone does not produce these benefits; they can only come from implementation of audit recommendations. It is up to management to implement most recommendations, while the City Council is responsible for ensuring that recommended changes and improvements occur. It is the city auditor's responsibility to present accurate, convincing information that clearly supports the recommendations.

In fiscal year 1999, about 79 percent of our recommendations were designed to strengthen management controls such as safeguards over city assets, compliance with laws and regulations, and procedures to achieve program objectives. About 8 percent of our recommendations addressed cost reductions or revenue increases, while 13 percent suggested ways to improve services.

Audit Report Tracking System

In response to direction from the City Council, the City Auditor's Office and the Office of Budget and Systems jointly developed a system to track the implementation of audit report recommendations. Administrative Regulation 1-11 describes the Audit Report Tracking System (ARTS) requirements. Six months after the release of an audit or follow-up report, departmental personnel are required to submit a report to the city manager, the appropriate City Council committee, and the City Auditor's Office describing the progress made on each recommendation included in the audit or follow-up report. A department representative reports to the committee, and the committee discusses the department's progress and any problems encountered in implementing the recommendations. The City Manager's Office coordinates ARTS to ensure that reports are prepared and reviewed when they are due.

About 67 percent of the recommendations we made during fiscal years 1997 through 1999 have been implemented, according to management's Audit Report Tracking System (ARTS). The City Auditor's Office issued 34 reports with recommendations during this period, 11 of which are in ARTS as of July 1, 1999.² Implementation rates for recommendations included in reports ranged from 79 percent in 1997 to 30 percent in 1999. Eleven reports issued in 1999 are not yet in ARTS.

Potential Economic Impact

The potential economic impact includes the estimated annual revenue increase or cost decrease associated with report recommendations with an estimated monetary impact. The potential economic impact identified in 1999 was almost \$20.9 million, due to recommendations to recover the costs of damage caused by street cuts, collect payments in lieu of taxes from enterprise funds, and charging solid waste fees.

² Once a follow-up report is released, or action on all recommendations is completed, the original audit is no longer tracked.

Efficiency

Staff Hours Per Report

Hours per audit increased in fiscal year 1999 to about 2,400 staff hours per report issued, up from about 1,850 in fiscal year 1998. Special reports averaged about 1,420 staff hours per report.

Economic Impact-to-Cost Ratio

This ratio provides a measure of the cost effectiveness of performance auditing, comparing potential savings and increased revenue identified in recommendations to the cost of operating the City Auditor's Office. Our goal is to identify at least \$3 in savings or revenue for every \$1 spent on auditing. In fiscal year 1999, we identified almost \$20.9 million in potential annual savings and increased revenue, resulting in a ratio of \$19.23 in potential economic impact for every \$1 of audit costs.

Exhibit 3. City Auditor's Office Performance Measures

Performance Measures	Fiscal Years		
	1997	1998	1999
Inputs			
Expenditures	\$843,566	\$1,119,557	\$1,086,696
Full-time Audit Staff	13	13	16
Outputs			
Reports Issued ³	13	10	16
Memoranda and Other Projects ⁴	18	8	5
Outcomes			
Recommendation Implementation Rate ⁵	79%	66%	30%
Potential Economic Impact	\$1,790,153	\$1,276,832	\$20,900,000
Efficiency			
Hours per Audit ⁶	1,181	1,855	2,426
Hours per Follow-up	278	886	1,022
Hours per Special Report ⁷	598	1,095	1,417
Ratio of Economic Impact to Cost	\$2.12:1	\$1.14:1	\$19.23:1

Sources: Financial Management System; Audit Report Tracking System reports; City Auditor's Office time and utilization records; and City Auditor's Office audits and reports.

³ Includes audits, follow-ups, and special reports.

⁴ Includes City Council and management memoranda, and staff support to other projects.

⁵ Percentage of recommendations from audit, follow-up and special reports reported by department as implemented in ARTS reports submitted through July 1, 1999.

⁶ Figure for 1998 does not include the Port Authority audit because we engaged KPMG Peat Marwick LLP to conduct the audit.

⁷ Figure for 1997 does not include Police Department preliminary review. The scope of this report is not comparable to other reports.

Appendix A

Reports and Memoranda Released in Fiscal Year 1999

Performance Audits

Tax Increment Financing/September 1998

This audit was conducted in response to City Council Resolution 970685, which directed us to conduct a study of tax increment financing (TIF) to provide a context and identify information that could assist decision-makers in assessing the impact of the program. Specifically, we were asked to determine how actual TIF-funded project performance compared to projections, and to identify ways to improve policies and procedures relating to these projects.

We found that the actual revenue resulting from TIF projects in Kansas City has been substantially lower than the projections made when the TIF plans were approved. Through 1997, total projected revenues were \$52 million, while actual revenues were \$12 million. Only 4 of the 24 plans we reviewed generated 50 percent or more of their original revenue projection. We also found that the city assigned conflicting responsibilities to the staff who support the TIF Commission, and the commission is inadequately staffed. As a result, controls over contracting were inadequate and several planning and financial management responsibilities were not done. We proposed a model process that would encourage accountability in the use of TIF and increase the city's ability to use TIF to achieve public goals. We also recommended that the TIF Commission be responsible for selecting an executive director who would serve at its pleasure and be responsible for staff.

Implementation of the Red Flag Commission's Recommendations/December 1998

The Red Flag Commission was established by the mayor in response to a wave of public corruption prosecutions involving elected city officials. Seven business and community leaders were asked to examine contracting processes at City Hall. The commission's report made recommendations directed at improving contracting procedures, promoting open ethical government and defining the proper relationship between the City Council and city staff. The commission requested this audit.

We found that city staff had made progress in implementing the recommendations relating to contracting. Little progress had been made, however, in implementing the recommendations relating to ethics. The council and administration both had committees charged with defining proper and improper contact between members of council and staff. Neither committee had defined appropriate behavior.

We recommended that the committees work together and utilize existing ethics rules to develop the definition. We also recommended that the city manager develop procedures describing steps to be taken in cases where the rules appear to have been breached.

Financial Management System Controls/December 1998

This audit focused on the effectiveness of management controls and the system's usefulness to city departments.

The audit found that the lack of clearly defined responsibilities, procedures and controls places the city's financial management system at risk of errors or irregularities occurring and going undetected. The Finance Department did not provide city departments with updated instructions regarding the system, despite the decentralization of data entry and changes in the transaction approval process. The lack of updated procedures and oversight by the department has allowed transactions to be processed in a manner that circumvented controls. We also found a number of weaknesses in the security of the financial system including employees with unrestricted access to all types of transactions. We made a number of recommendations to strengthen management controls and improve oversight.

Public Works Motor Equipment Division/February 1999

This audit focused on the cost, quality and timeliness of repairs, and the adequacy of management controls to safeguard assets and direct program operations.

Motor equipment division management had expressed concern about decreasing revenue and loss of business. We found that while repair costs appeared reasonable, management did not systematically assess the quality and the timeliness of its work. Negative perceptions of the division's competitiveness may also have contributed to the loss of revenue. The division's labor rate and parts markup were lower than local private repair shops. However, higher labor hours per repair may largely offset the low labor rate and parts markup.

We also found a number of weaknesses in management controls related to inventory that could result in loss of city assets and unnecessary costs or delays for users. We recommended that inventory controls and physical security be strengthened, and that management develop balanced performance measures to assess whether cost, quality, and timelines are reasonable.

Ryan White Funding Equity/March 1999

This audit focused on equity in the allocation of funds for the provision of services to HIV/AIDS patients in the Kansas City metropolitan area.

We did not identify any areas in the operation of the Ryan White Program in which it appeared that clients or service providers were being treated unfairly. We did find, however, several areas in which a lack of understanding could contribute to mistrust and dissatisfaction. Members of the Ryan White Planning Council indicated that they believed they had received inadequate training in their role and felt uncomfortable with their level of understanding of the council's procedures. Some reported that they did not understand the financial information provided by the Health Department.

We also found that although there was no evidence of unfair treatment of proposals submitted by service providers seeking funding under the program, procedural limitations could create a perception of unfairness. Specifically, the absence of documentation supporting the integrity of the contract award process could contribute to mistrust. Due to confidentiality problems, we were unable to determine whether HIV/AIDS patients experienced any barriers to care. We suggested that the Planning Council consider undertaking a comprehensive study of the provision of services to these patients, which should include identifying potential barriers to care and evaluations of the services currently provided.

Follow-up Audits**Liquor Control/October 1998**

Our 1993 audit disclosed problems with the city's regulation of liquor sales. City staff had wide discretion over granting licenses and imposing sanctions, thus posing the risk that staff could be influenced by those they regulate. We also found control weaknesses related to issuing employee permits, license review procedures, cash handling, and record keeping.

The follow-up audit determined that City Council-approved revisions to the city's Code of Ordinances related to liquor control, in connection with new procedures developed by the program, addressed or eliminated many of the conditions reported in our original audit. We also found that more work was needed in the area of imposing sanctions, verification of information on employee applications, and fees. We made a number of recommendations designed to further strengthen the liquor control function.

Neighborhood Tourist Development Fund/March 1999

Our original 1992 audit found that insufficient oversight by city staff had resulted in unauthorized expenses being reimbursed and contract terms being unenforced.

Our follow-up determined that staff had taken steps to improve oversight. Sample documents were developed, files showed evidence of monitoring efforts and rules for review were being developed. We also found that the program remained susceptible to waste and abuse because of control weaknesses. Although the city code established a committee to evaluate applications and recommend funding to City Council, the process was sometimes bypassed. Agencies obtained funding by making requests directly to elected officials without following the application process established in the code. We also found administrative problems with the files we reviewed.

We made a number of recommendations designed to improve oversight, including that the City Council consider appropriating money on a citywide basis instead of by council district.

Street Cut Inspection Program/March 1999

In our 1994 audit, we estimated that the streets resurfaced from 1991 to 1993 would suffer \$4.4 million in damage due to street cuts. We also found that the cost of this damage was not recovered from those who caused it.

In response to the audit, City Council twice passed ordinances designed to recover the cost of street damage from those who cause it. Both ordinances were repealed; the first as a result of a petition drive initiated by Missouri Gas Energy and the second as a result of a lawsuit by that utility. The repeal of the ordinances means that the city does not recover the cost of damage caused by street cuts. Current estimated costs of damage are \$1.4 million per year. We recommended that the City Council put to a public vote its intention to recover the costs of damage caused by street cuts. The follow-up also found that the Public Works Department had made significant progress in implementing other recommendations from the original audit. We made a few recommendations designed to further strengthen controls over the program.

Minor Home Repair Program/March 1999

Our prior audit found that the Minor Home Repair Program's management control structure was not adequate to prevent or detect collusion between contractors or between a contractor and the program

manager. We made a number of recommendations designed to strengthen controls in order to minimize opportunities for fraud.

Our follow-up determined that management controls have been strengthened. Key responsibilities are now segregated between several employees. These employees rarely perform both the initial and the final inspections on the same job, all eligible contractors are invited to bid on jobs, and several employees determine contractor eligibility. We made a number of recommendations designed to further improve program administration.

Special Reports

Police Retirement Funds/August 1998

The focus of this report was on determining whether the city could reduce annual contributions to the two police retirement systems by 20 percent without harming their financial health. We found that state law establishes the required funding the city must contribute to the systems and the state legislature approves all benefit enhancements. Decisions regarding those enhancements are made with little city input and city interests do not serve as major factors in these decisions. As a result, the city must provide funding without formal control over costs.

We recommended that the city pursue legislation giving financial responsibility for the systems to the state. Failing that, we recommended that the city pursue state legislation altering board composition and requiring formal City Council approval of benefit changes subsequent to their passage in the state legislature. Should the state decline to either fund the systems or provide the city with the means to control costs, we recommended the city consider legal action to eliminate its responsibility for benefit enhancements that may be enacted in the future.

Report of the Public Safety Radio System Investigating Committee/September 1998

When the city's new 800 MHz radio system came on line in 1995, it was immediately plagued with major problems. Mayor Emanuel Cleaver II appointed the committee to examine the city's acquisition of the current public safety radio system. The committee found no single act or person responsible for all of the problems affecting the city's public safety radio system. Instead, they found that the city's radio consultants, radio vendor, and city staff had all made mistakes. The committee identified problems with the consultant's system specifications, city purchasing process, system installation and with the equipment itself. The committee made a number of recommendations concerning

communications and contracting issues. The City Auditor's Office provided staff assistance to the committee on this project.

Kansas City, Missouri Police Department: Opportunities for Civilianization/September 1998

Civilianization of certain positions currently being held by sworn officers was one of the areas that was identified as a priority in our June 1996 *Preliminary Review* of the Police Department. We found that the Kansas City Police Department had about 80 sworn officers, ranking from police officer to major, serving in positions not requiring sworn powers. Previous reports by our office had estimated that the department needed 117 more officers assigned to patrol duty in order to reduce officers' time committed to answering calls for service to the suggested benchmark of 35 percent. This level of staffing would substantially reduce the incidence of blackout – the times when all patrol officers are busy and cannot respond to an additional call – and provide officers sufficient opportunity for effective community policing. We recommended that the chief of police develop a civilianization plan for the positions we identified. Placing civilians in these positions should reduce the cost of these functions by about \$1 million. We also recommended that the department consider steps to provide new promotional opportunities to patrol officers in compensation for other opportunities lost to increased civilianization, and use specific criteria in the future when deciding whether sworn personnel are needed in administrative and support positions.

1998 Kansas City Citizen Survey/January 1999

In October 1998, the City Auditor's Office mailed surveys to 6,000 randomly selected households. The 2,000 responses received rated the city on issues relating to neighborhoods, perceptions of safety and the quality of several basic city services. We found that the perceptions of Kansas City residents have changed little since our 1996 survey. While over 70 percent of survey respondents rated Kansas City and their own neighborhood a good or excellent place to live, fewer than half rated the city a good or excellent place to raise children. Fewer than 40 percent said the city government does a good or excellent job of providing services overall. When compared to the results of other cities of similar size that also survey their residents, we found that even our most highly rated services have room for improvement. We also found that residents' perceptions of service quality are interrelated and also relate to their overall perception of Kansas City. We do not know what cause-and-effect relationships, if any, are at work, but the pattern suggests that quality in city services can be important to residents.

Report of the Council Ethics/Relations Committee/February 1999

Mayor Emanuel Cleaver II established the Council Ethics/Relations Committee to develop guidance for the full City Council on the proper interaction between the council and city staff, and to improve ethics in city government. The City Auditor's Office served as staff to the committee. The committee found that most of the city's current rules govern the process by which the council passes legislation, setting policy for city staff to follow. For other activities, the committee found varying amounts of guidance. The report recommended that councilmembers use discretion in their communication with city staff and direct most of their communications to the city manager, his assistants, department heads or their designee. The report also vigorously discouraged individual councilmembers from giving direction to city staff. The report included a number of recommendations related to council/staff relationships, including the establishment of job descriptions for councilmembers and increased training.

Review of the Submitted Budget for Fiscal Year 2000/March 1999

The city manager's submitted budget included a structural imbalance of more than \$15 million and predicted that the imbalance will grow to close to \$28 million by fiscal year 2002. This review of the submitted budget identified a number of actions that, although they would require difficult decisions and in some cases, elections, could allow the city to make substantial progress in addressing major challenges without a general tax increase. We suggested that revenue could be increased by charging solid waste fees and assessing enterprise operations payments in lieu of taxes. We determined that phasing out general fund support to the Parks and Recreation Department and for indigent health care could reduce expenditures. The estimated long-term effect of these actions could result in \$49.5 million.

Kansas City, Missouri Police Department: Performance Measures for Patrol and Investigations/April 1999

Performance measurement was identified as a priority in our June 1996 *Preliminary Review* of the Police Department. Although we have recommended better performance measurement in city government and in several city departments in the past, this report on performance measurement in the Kansas City Police Department was our first report recommending a specific set of performance measures for a particular department.

Using information from other cities, current data collected by the department, and focus groups of neighborhood leaders and business representatives, we developed a set of 20 measures designed to provide a representative overview of patrol and investigation services. Some of the

measures would simply monitor activities, while others would monitor the results of those activities. While the department already reports some of the recommended measures, others would rely on information currently collected but not routinely reported to the Board of Police Commissioners or the public. Several measures, such as response times and citizen attitudes, require information that is not currently tracked. We recommended that the chief of police adopt the recommended set of measures and make the results generally available to the board, the City Council, police managers, and the public.

Councilmember and Management Memoranda

Potential Permissible Investments - Charter Changes/May 1998

The Finance and Administration Committee asked us to review proposed charter changes that would permit the city to invest in U.S. government agency securities, repurchase agreements, commercial paper, and banker's acceptances. We found that adding these to the list of permissible investments would be consistent with investment practices in other cities.

Liberty Memorial Rehabilitation Proposal/May 1998

Councilmember Evert Asjes III asked us to review the Parks and Recreation Department's proposal to rehabilitate and expand the Liberty Memorial. We found that expenditures could exceed revenues and the shortfall could be substantial. The projected annual expenditures on repairs and maintenance appeared low compared with national standards for property maintenance. Attendance projections appeared optimistic, and admission fee revenues may have been overstated.

Review of the City's Flood Response/November 1998

Mayor Emanuel Cleaver II asked us to conduct an inquiry into the city's response to the October 4, 1998 flood. We found that a decoder, a device that converts radio signals into useable data, was not plugged in on the day of the flood, preventing the city's base station from receiving information from flood gauges. The unplugged decoder, however, was only one element of a system that had never been fully operational. Even if the decoder had been operating, all of the stream level and most of the precipitation gauges installed along Brush Creek were not working. The city did not have a comprehensive plan for responding to flood warnings that included routine identification, monitoring, and blocking of flooded streets and bridges. We made a number of recommendations designed to improve the city's handling of flash floods, including that the city manager oversee the development of a comprehensive plan for flash flooding.

Morning Star Development Contract/November 1998

Councilmember Ronald Finley asked us to review the contract between the city and the Land Clearance for Redevelopment Authority (LCRA) regarding the Morning Star Family Life Center. We found that the reasons for cost overruns and delays on the project were consistent with explanations provided by LCRA and City Planning and Development staff, and appeared to be reasonable. Costs were higher than anticipated for environmental remediation, consultant services related to demolition and environmental issues, and legal services. We also found that work continued on the project during periods when agreements between the city and LCRA had expired and after budgeted funds had been depleted. Additional funding and time for completion should have been obtained before additional work proceeded.

Review of Information on Police Pension System Benefit Changes/November 1998

Councilmember Judy Swope asked that we review and comment on information provided by the attorney for the Police Retirement Board concerning proposed changes in retirement system benefits. We found that the information provided on the costs of the proposed benefit changes were not adequate to allow the Finance and Administration Committee to properly evaluate the impact of the changes on city funding and the actuarial soundness of the system's funding. Our estimates place the additional cost of the proposed changes at more than \$300,000 annually, which virtually eliminates the excess of city contributions over actuarial requirements and reduces the likelihood that the city will be able to reduce future contributions. We reported that any future reductions in employee contributions or investment returns could force the city to increase its annual contributions in order to fulfill its fiduciary responsibilities.

Appendix B

Reports Issued, Fiscal Years 1996-1998

Performance Audits

Consolidation of Selected Activities – Parks and Recreation and Public Works Departments (July 1995)
Jackson County Property Tax Assessment (July 1995)
Solid Waste Management and Illegal Dumping (August 1996)
Sanitary Sewer Special Assessment Program (September 1996)
Golf Course Retail Inventory Controls (December 1996)
Street Resurfacing Program Contracts (March 1997)
Reporting Accidents, Damages, and Losses (March 1997)
Golf Operations (June 1997)
Garage Storeroom Privatization Contract (September 1997)
Kansas City, Missouri Police Department, Patrol Deployment: Blackout Analysis (January 1998)
Port Authority of Kansas City, Missouri (February 1998)
Contract Renewal Options (April 1998)

Financial-Related Audits

Review of Union Station Legal Fees and Expenses (June 1995)
City Change, Petty Cash, Meal Allowance, and Recording Fee Funds (April 1996)
License Fee and Tax Payments – Kansas City Power & Light Company (October 1996)

Follow-Up Audits

Fire Apparatus Management (May 1995)
Fire Training Academy (July 1995)
Domestic Violence Victim Assistance Program (September 1995)
Negotiations with Public Employee Unions (October 1995)
Comparative Analysis of Capital Improvement Projects (February 1996)
Park Maintenance Services Division (February 1996)
Municipal Correctional Institution (March 1996)
Fire Department Workers' Compensation Program (April 1996)
Real Estate Lease Agreements (April 1997)
Milk Inspection Program (May 1997)
Public Contact (May 1997)
City Vehicle License Fees (April 1998)

Special Reports

City/County Cooperation Project (December 1995)

Preliminary Review – Kansas City, Missouri Police Department (June 1996)

A Model for Public/Private Competition (August 1996)

Water Services Benchmarking Project (February 1997)

Review of Audits of Outside Agencies (February 1997)

KCATA: An Effective Regional Transit System Is Needed (March 1997)

Review of the Submitted Budget for Fiscal Year 1998 (April 1997)

Fees and Service Charges: A Comprehensive System Is Needed
(February 1998)

Review of the Submitted Budget for Fiscal Year 1999 (April 1998)

City Auditor's Office Staff
(as of May 1999)

Mark Funkhouser, City Auditor
Leslie E. Ward, Deputy City Auditor

Anatoli Douditski
Michael Eglinski
Mary Jo Emanuele
Dottie Engle
Leslie M. Goldstein (part-time)
Chanel Goodwin-Watkins
Sean P. Hennessy
Nancy Hunt
Douglas Jones
Edina S. Maltbia
Amanda Noble
Joyce A. Patton
Joan Pu
Martin Tennant
Gary L. White
Vivien Zhi